

Message Text

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72

ORIGIN TRSE-00

INFO OCT-01 ARA-06 ISO-00 EB-07 IO-10 SP-02 AID-05 NSC-05

CIEP-01 SS-15 STR-04 OMB-01 CEA-01 COME-00 XMB-02

CIAE-00 INR-07 NSAE-00 PA-01 USIA-06 PRS-01 /075 R

DRAFTED BY TREAS:JBUSHNELL/BZINMAN:WW

APPROVED BY EB/IFD/ODF:CKSTOCKER

ARA/LA/BR:RZIMMERMAN

TREAS:ACOOOPER

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P 312338Z MAR 75

FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA PRIORITY

C O N F I D E N T I A L STATE 072724

E.O. 11652: GDS

TAGS:EFIN, BR

SUBJECT:CABLE FROM SECRETARY SIMON TO MINISTER OF FINANCE
SIMONSEN

1. PLEASE DELIVER TEXT OF FOLLOWING MESSAGE FROM SECRETARY
SIMON TO MINISTER OF FINANCE SIMONSEN:

2. QUOTE: I AM CABLING YOU CONCERNING AN INTER-AMERICAN
DEVELOPMENT BANK PROBLEM.

3. AS YOU KNOW, WE BELIEVE IT IS IMPORTANT FOR THE IDB TO
PRESENT THE BEST POSSIBLE RECORD TO MAXIMIZE CONGRESSIONAL
SUPPORT IN MY COUNTRY FOR THE UPCOMING REPLENISHMENT. I
UNDERSTAND THAT ORDINARY CAPITAL BORROWING FROM THE IDB IS
PARTICULARLY IMPORTANT TO BRAZIL DURING THE COUPLE OF
DIFFICULT YEARS AHEAD. THUS, WE HAVE A SHARED INTEREST IN
MAKING THE BEST POSSIBLE RECORD FOR TE BANK.

4. MY UNDERSTANDING IS THAT YOU HAVE A WIDE VARIETY OF
PROJECTS THAT MIGHT BE PRESENTED TO THE IDB FOR FINANCING.

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I WOULD HOPE YOU WOULD CONSIDER SELECTING THOSE PROJECTS --

SUCH AS AGRICULTURAL DEVELOPMENT AND FEEDER ROADS -- WHICH ARE TYPES OF PROJECTS THAT CAN ELICIT A GREAT DEAL OF SUPPORT.

5. IN PARTICULAR I WOULD HOPE YOU COULD ASK YOUR PEOPLE NOT

TO PRESS TWO LARGE ELECTRIC POWER COST-OVERRUN REQUESTS NOW BEFORE THE IDB STAFF. COST OVERRUN LENDING TENDS TO DISCREDIT THE BANK. MOREOVER, ONE OF THESE PROJECTS IS FOR SAO PAULO POWER, FOR WHICH ALTERNATIVE FINANCING TO COVER THE COST OVERRUN WOULD PROBABLY BE AVAILABLE COMMERCIALY. WE HAVE URGED THE IDB TO AVOID COST OVERRUN LOANS EXCEPT IN THE MOST UNUSUAL SITUATIONS AND WOULD APPRECIATE YOUR SUPPORT FOR THIS POSITION.

6. I WANT TO BE CLEAR THAT I AM NOT SUGGESTING IN ANY WAY THAT THE AMOUNT BRAZIL BORROWS FROM THE IDB THIS YEAR BE REDUCED. I AM MERELY URGING THAT YOU HELP US RAISE THE MAXIMUM AMOUNT OF RESOURCES FOR IDB LENDING IN FUTURE YEARS BY CAREFUL SELECTION OF PROJECTS FOR THE IDB TO FIT WITH WHAT OUR CONGRESS VIEWS AS HIGHEST PRIORITIES.

7. REGARDS. WILLIAM E. SIMON, SECRETARY OF THE TREASURY.
UNQUOTE. KISSINGER

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NNN

Message Attributes

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Margaret P. Grafeld
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05 JUL 2006

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TAGS: EFIN, BR, US, IDB, (SIMON, WILLIAM E), (SIMONSEN, MARIO HENRIQUE)
To: BRASILIA
Type: TE
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